

## Data Sheet

<b>USAID Mission:</b>	Ecuador
<b>Program Title:</b>	Natural Resources, Trade and Competitiveness
<b>Pillar:</b>	Economic Growth, Agriculture and Trade
<b>Strategic Objective:</b>	518-xx3
<b>Status:</b>	New in FY 2007
<b>Planned FY 2006 Obligation:</b>	\$0
<b>Prior Year Unobligated:</b>	\$0
<b>Proposed FY 2007 Obligation:</b>	\$4,644,000 DA; \$2,178,000 ESF
<b>Year of Initial Obligation:</b>	2007
<b>Estimated Year of Final Obligation:</b>	2012

**Summary:** The objective of this program is to promote environmental conservation simultaneously with sustainable economic growth. Ecuador is a resource-rich country with globally important ecosystems and competitive opportunities in global markets. USAID will assist Ecuador to develop its unique advantages in ways that benefit indigenous, rural, and other disadvantaged people. This work will support the bilateral Free Trade Agreement (FTA) currently being negotiated by Ecuador and the United States, by promoting access to free trade opportunities and mitigating potential negative consequences of increased trade. Specifically, this program will: improve public institutions and participation in the conservation of large blocks of globally important lands and waters, principally in protected areas and indigenous territories; engage the private sector, such as landowners and tourism operators, in conservation and watershed management programs; and enhance participation in global trade and investment, especially by meeting international standards; improve private sector competitiveness of small and medium businesses, especially for environmentally sound, income-generating activities such as agro-forestry, ecotourism, and organic products for the export market. USAID will assist government, business, and non-governmental organizations to be more entrepreneurial, by identifying competitive advantages, reducing costs, and positioning themselves in international markets. If an FTA is not signed, the program will still focus on strengthening trade related institutions, eliminating barriers to investment, and environmental conservation activities that benefit local communities.

### Inputs, Outputs, Activities:

#### FY 2006 Program:

There are no activities planned.

#### FY 2007 Program:

Improved Private Sector Competitiveness (\$300,000 DA; \$1,590,000 ESF). USAID will increase productivity and growth of businesses, especially in rural areas, by eliminating obstacles from production to sale. USAID will provide technical assistance to increase the competitiveness of the private sector (small, medium, micro and rural businesses) in selected industries and clusters. This program will emphasize environmentally sound income generating activities such as agro-forestry, ecotourism, sustainable land use, and organic products for the export market. USAID will help these businesses develop contacts with foreign buyers and investors interested in joint ventures, which will increase production and sales. USAID will also provide assistance to private entrepreneurs to meet regulatory and market standards and certification and phytosanitary requirements needed to attract buyers and meet market demands. Principal implementers: To be selected on a competitive basis.

Improve Sustainable Management of Natural Resources and Biodiversity (\$3,344,000 DA). USAID will improve the sustainable management of natural resources and biodiversity in Ecuador through conservation of large, biologically important protected areas and indigenous territories.

USAID will support the consolidation of national protected areas, which cover 19% of the Ecuador's continental area, plus the Galapagos National Park and Marine Reserve. These remarkable areas harbor most of the country's biodiversity. USAID will also support the efforts of municipal governments and private landowners to manage their own protected areas. Activities will focus on technical and financial assistance to overcome fundamental challenges, including insufficient local participation, administrative weaknesses, and lack of sustainable financing.

The other strategic area for USAID intervention is indigenous territories, which cover approximately 20% of Ecuador. In these areas, USAID will provide technical and financial assistance to address the key challenges facing indigenous groups: insecure tenure, weak institutions, and poverty resulting from inadequate economic opportunities. Indigenous peoples are among the most vulnerable and poor of all Ecuadorians. They are key allies not only in conserving their lands, but also because of their demonstrated commitment to contain the spread of narcotrafficking.

USAID will address the underlying impediments to the sound management of these areas, including weak institutions that suffer from poor governance, limited public participation, and lack of sustainable financing as well as insufficient benefits flowing to local communities from the management of these areas. To create local economic and livelihood benefits, USAID will place special emphasis on: water supplies originating in protected areas, for urban and rural users, hydropower; agriculture; and tourism. Ecuador's biodiversity gives it a comparative advantage in tourism and the potential to increase the benefits from this sector are significant. International tourism accounted for \$680 million in 2004 and most international tourists visit at least one park, such as the Galapagos. USAID's program will include activities to foster joint ventures that benefit local communities, private operators, and conservation efforts.

This work will also support environmental cooperation between the United States and Ecuador under the bilateral FTA and associated Environmental Cooperation Agreement (ECA), currently being negotiated. USAID will assist Ecuadorian institutions charged with implementing, monitoring, and adjudicating the ECA in order to foster transparency, technically sound decisions, and public participation (including access for indigenous groups and other minorities). The program will support key priorities in the ECA: conservation and sustainable use of biodiversity, voluntary mechanisms to improve environmental management, (including partnerships with local communities, businesses, and NGOs), and effective enforcement of laws and regulations.

Principal implementers: To be selected on a competitive basis.

Increase Trade and Investment (\$1,000,000 DA; \$588,000 ESF). USAID will increase trade opportunities by supporting the implementation of the FTA. Labor, intellectual property rights, technical barriers to trade and sanitary and phytosanitary standards will be priorities for this program. The program will monitor these legal and regulatory changes and track how they result in actual trade increases. Customs reform is also critical and a limited program may be continued, depending on Government commitment. USAID will use ESF funds to continue helping vulnerable sectors adjust to and benefit from a more open, global economy will also continue. ESF funds will fund an analysis of structural barriers to competitiveness in the economy, such as electricity, telecoms, and the oil sector. Inefficiencies in these sectors create major obstacles for investment and private sector development. Principal implementers will be selected on a competitive basis.

**Performance and Results:** By the end of the program, Ecuador's globally important protected areas will be more financially sustainable, have more participative management, and will provide more local benefits (e.g., in tourism revenues and access to clean water). Indigenous federations will have resolved territorial conflicts, enforced boundaries, and have 1.2 million hectares under their control. The livelihoods of members of these federations will improve significantly through the successful development of economic alternatives.

USAID will support, monitor and report on the FTA implementation, treaty requirements and business alliances that leverage resources and provide access to markets and technology. Ecuador will develop into a full trading partner, implementing international trade agreements, penetrating new international and regional markets with competitive products.

## US Financing in Thousands of Dollars

Ecuador

518-xx3 Natural Resources, Trade and Competitiveness	<b>DA</b>	<b>ESF</b>
<b>Through September 30, 2004</b>		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
<b>Fiscal Year 2005</b>		
Obligations	0	0
Expenditures	0	0
<b>Through September 30, 2005</b>		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
<b>Prior Year Unobligated Funds</b>		
Obligations	0	0
<b>Planned Fiscal Year 2006 NOA</b>		
Obligations	0	0
<b>Total Planned Fiscal Year 2006</b>		
Obligations	0	0
<b>Proposed Fiscal Year 2007 NOA</b>		
Obligations	4,644	2,178
Future Obligations	0	0
Est. Total Cost	4,644	2,178